

2012 Audit Plan

City of Rapid City COMPASS Audit Program

Presented by

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Endorsed by

The COMPASS Audit Committee

COMPASS AUDIT PROGRAM'S ORGANIZATIONAL INDEPENDENCE

According to the *Government Auditing Standards (2011 Revision)* issued by the Comptroller General of the United States, in all matters relating to audit work, the audit organization must be independent (Section 3.02). An audit organization is considered independent under these standards if it is placed within a different branch of government from the audited entity; for example, legislative auditors auditing executive branch programs (Section 3.28 b). Accordingly, the Lead Auditor confirms to the City Council of the City of Rapid City that the City's independent audit activity is organizationally independent of the departments and programs that it audits.

Operational Audits

Operational audits involve an analysis of a department's, division's or program's operations. They may include appraisals of the internal control structure, conformity with laws, regulations and policies, reliability of financial reporting, and effectiveness and efficiency in meeting organizational goals. Audit reports indicate how well activities are performed, make recommendations for improvements, and offer other conclusions drawn from audit work.

City Charge Account Program

The City has established charge accounts for employees to obtain merchandise and services at a number of local businesses. We will examine the internal control system surrounding the City's charge account program for the purchasing and procurement of supplies, materials and services. In addition, we will evaluate alternative procurement programs for potential cost savings and increased efficiency and effectiveness in the City's small dollar purchasing process.

Revenue/Cash Handling/Cash Receipts Reviews

Cash handling audits consist of an objective review and evaluation of the cash handling practices and procedures used by City employees related to the receiving, transporting, storing, depositing, recording and safeguarding of City money (including cash, checks, money orders, debit cards etc.).

City-Wide Cash Handling

We will select major organizational units for a review of revenue, cash (money) handling and receipts. We will review internal controls over the collection of revenue and the handling of cash. These reviews will determine whether: established internal controls are adequate; documented policies and procedures are being followed by staff; money is safeguarded; and good business practices are being observed.

Recurring Audits/Projects

Technical Assistance to Committees, Council Members and Departments

This time is in our annual plan in order to respond to requests for information or help in specific areas not requiring an audit. Under the provisions of Section 2.95.050 (Non-Audit Services) of the Rapid City Municipal Code, the Lead Auditor and audit staff may provide routine services that are exempt from independence safeguards that apply to non-audit services. The assistance does not result in a formal report, must not impair the independence of the audit program, nor require more than a few hours of time.

Requests for assistance that will result in a formal report or require more than a few hours of time should be approved by the COMPASS Audit Committee through the special audit request process.

Continuing Professional Development

Independent government auditors are required to receive continuing professional education in order to comply with the Government Auditing Standards. We are members of The Institute of Internal Auditors (The IIA) to assist us in fulfilling this requirement. We are also active members of the Association of Local Government Auditors (ALGA). We make use of conferences, seminars and web-based training as our training budget allows.